



**Apex Minerals N.L.**

Quarterly Report  
31<sup>st</sup> March 2010

Highlights

- **Underground mining provided 85,000 tonnes of ore at 5.5g/t (15,000 ounces of gold) for the quarter with substantial increase commencing toward the end of the quarter and has continued into April (see graph 1)**
- **The Wiluna site achieved 100 days lost time injury free since the quarter-end.**
- **Development of just under 1,900 metres for the quarter, similar to the previous quarter.**
- **Underground developed stocks available for stoping increased 74% to over 35,000 ounces during the quarter.**
- **Ore development from the fourth independent zone (Burgundy) commence in January. Stopping expected during the current quarter**
- **Exploration expanded with initial focus on near term production opportunities (Golden Age and Burgundy).**
- **Early exploration success having identified extension of the high grade Golden Age deposit. Development decision made with capital development substantially completed during the quarter.**
- **Second phase drilling at Golden Age highlight significant up dip extensions**

**WILUNA**

**Mining**

The majority of mine production for the quarter was sourced from the Calais and Henry 5 North zones, both accessed from the Bulletin Decline.

Toward the end of the March quarter, ore development was completed on the first level of the East Lode North (ELN) deposit. Several previously unidentified ore occurrences were intersected whilst developing to the known reserve block which will add to the mining inventory. The ELN decline was stopped at the end of the quarter at a pre-determined point awaiting further dewatering of old voids by an in-stope pumping system that is expected to be operational early next quarter.

Ore development has been commenced at Burgundy on several levels and represents the 4<sup>th</sup> independent underground production source. Stopping is expected to commence in May.

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Capital development commenced during the quarter at the recently discovered high grade, free milling Golden Age deposit with development on ore occurring toward the end of April with visible gold identified in a number of early headings (see photo below). Stopping at Golden Age is expected to commence in May.



*Initial development ore from Golden Age mined during April 2010 showing significant visible gold.*

### Mine Production

Contained gold mined increased by 4% over the previous quarter as shown in the table below.

**Table 1 – Underground Ore Mining**

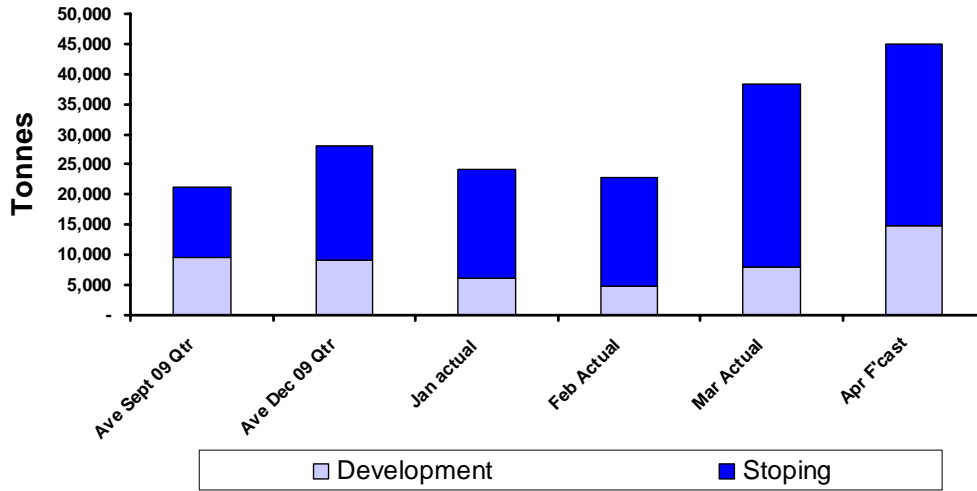
<b>UNDERGROUND ORE PRODUCTION</b>	<b>Mar-10 QTR</b>	<b>Dec-09 QTR</b>	<b>Sep-09 QTR</b>
Stope tonnes	66,362	57,127	34,824
Development Tonnes	19,045	27,141	28,839
<b>Total Tonnes</b>	<b>85,407</b>	<b>84,268</b>	<b>63,663</b>
Stope Grade	5.90	6.30	5.68
Development grade	3.96	3.23	4.40
<b>Average grade (g/t)</b>	<b>5.47</b>	<b>5.31</b>	<b>5.10</b>
<b>Contained Au ounces mined</b>	<b>15,015</b>	<b>14,389</b>	<b>10,437</b>

This production profile is shown graphically in the graphs below and highlights a continuing improved ore production as the previous focus on capital development has now successfully achieved access to 5 separate independent underground ore sources (Calais, Henry 5 North, East Lode North, Burgundy and Golden Age).

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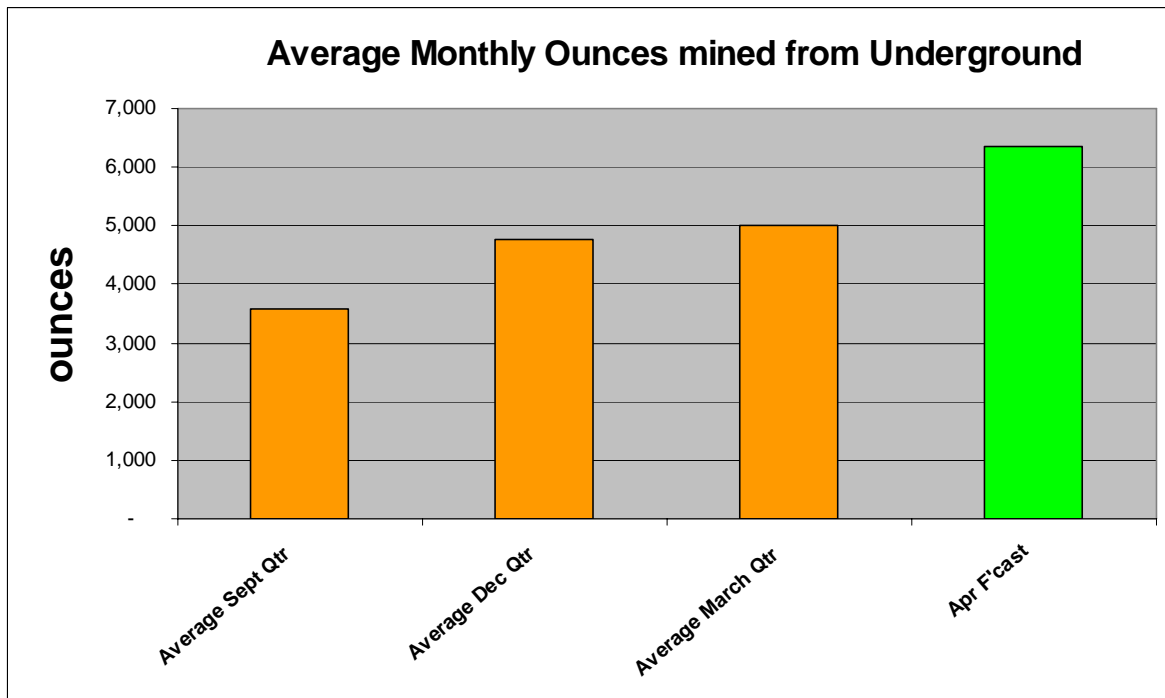
**GRAPH 1**

**Monthly Underground Mine Production**

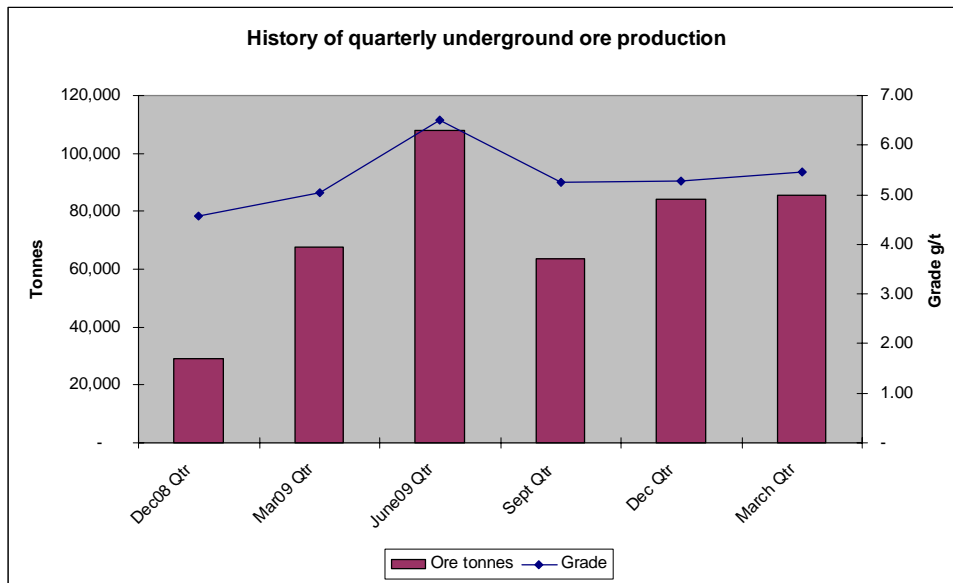


**GRAPH 2**

**Average Monthly Ounces mined from Underground**

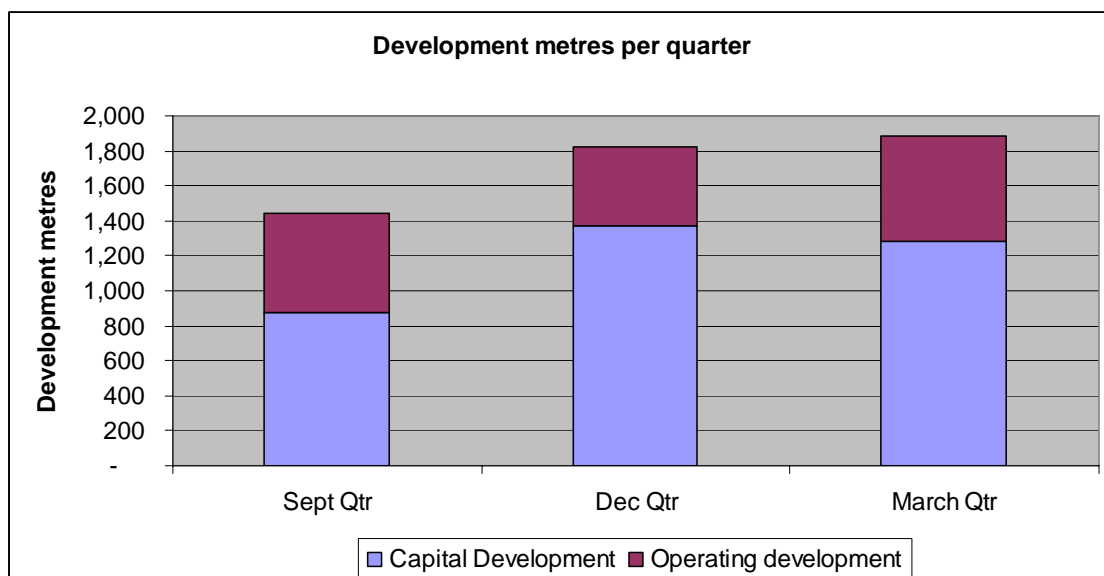


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**GRAPH 3**


## Development

The development improvements that were reported in the December quarter have continued. Total development was 1,884 metres, in line with the rates seen in the previous quarter. The development comprised 1,283 metres of capital advance (68%) and 601 metres of operating advance (32%), both of which represents an increase in future investment, accessing the new East Lode North, Burgundy and Golden Age deposits, and has contributed to the rise in developed stocks. The cost of investment in capital development was approximately \$10 million and \$4 million in operating development during the quarter. Now that excess to each of the initial deposits has been achieved, capital development is expected to be substantially reduced from now on, enabling the underground fleet to increase its focus on productive development and stoping.

**GRAPH 4**


## ROM and Developed Ore Stocks

Broken and developed stocks represents the stoping material that will make up the majority of the future (near-term) mine production. This will be supplemented by concurrent ore development. The surface stocks represent the blending material that is likely to be processed in conjunction with the broken and developed stocks, depending upon milling capacity at the time.

The increase reflects the maintenance of the improved development rates seen last quarter. As future quarterly production increases, planning will aim to maintain a commensurate increase in stocks to aid production flexibility.

**Table 2 - ORE STOCKS**

	Mar-10 QTR	Dec-09 QTR	Sep-09 QTR
Ore available for stoping (tonnes)	203,000	125,000	105,000
Broken ore awaiting haulage (tonnes)	13,200	4,000	-
Total underground stocks (tonnes)	216,200	129,000	105,000
Grade	5.10	4.90	6.74
Contained Gold (ounces)	35,454	20,325	22,756
ROM Stocks (tonnes)	13,499	40,200	28,404
Grade	4.50	1.90	3.01
Contained Gold (ounces)	1,953	2,456	2,745
Low Grade ROM stocks (tonnes)	-	103,933	123,000
Grade	-	2.10	1.93
Contained Gold (ounces)	-	7,018	7,633

Total developed stocks available for stoping/hauling increased during the quarter by 68% and 74% in terms of tonnes and contained gold respectively. The cost of establishing these stocks have been written off and included in the stated cash costs statistics.

## Processing

Tonnes of ore treated for the quarter was 25% lower than the previous quarter as low grade surface stocks were depleted. Underground ore treated was in line with the previous quarter (14,000 contained ounces compared to 15,000 ounces achieved in the previous quarter). Mill recovery improved significantly (around 81% compared to 74% last quarter). Total gold recovered for the quarter was 14,100 ounces compared to 18,300 ounces for the December quarter.

Processing plant statistics are provided in table 3 below:

**Table 3 – Processing statistics**

	Mar-10 QTR	Dec-09 QTR	Sep-09 QTR
Milling - Underground ore	78,905	84,000	61,500
Milling - low grade open pit stockpile	73,013	119,000	158,500
Tonnes Milled	151,918	203,000	220,000
Grade - underground	5.60	5.70	5.10
Grade - open pit stockpile	1.40	2.20	3.17
Average Grade	3.58	3.65	3.71
Metallurgical recovery	81%	77%	76%
Ounces recovered	14,100	18,369	19,855
Cash costs (A\$/Oz)	1,485	1,089	1,220

The tertiary crusher suffered a significant failure during the quarter and was taken offsite for refurbishment. Whilst the unit was offsite the crushing circuit continued to operate in a two-stage rather than three-stage configuration with restricted throughput. As the low grade surface stocks were depleted and the mill capacity exceeded the production capacity of the underground mine, the crushing restrictions did not hamper overall throughput.

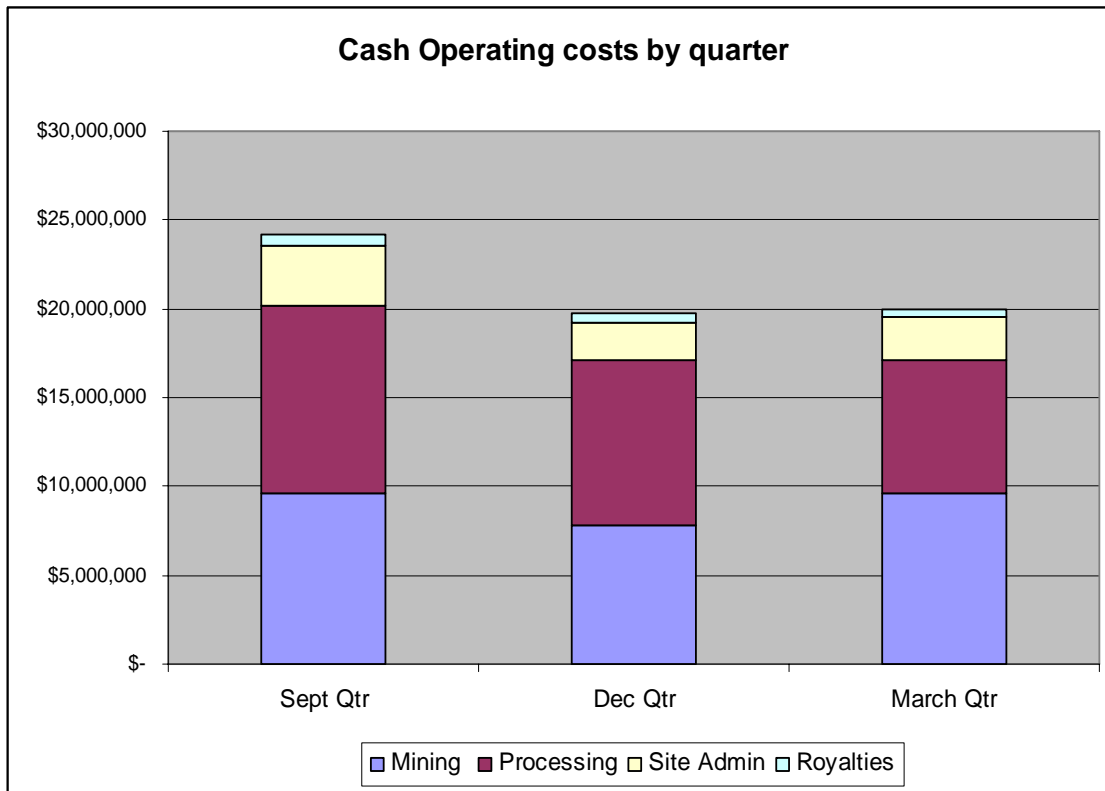
A failure during the December quarter of one (of three) Caterpillar 3MW gas power generators was on-going through the January quarter as a replacement second hand unit which was sourced as a short lead time replacement also failed on commissioning. As a consequence higher cost diesel power generation has been required to supplement the normal 100% gas capacity, and will continue to do so into the June quarter. An insurance claim (which has been excluded in calculating cash costs) has been lodged and is expected to be approved in the June quarter.

A new gas supply contract commenced on the 1<sup>st</sup> January 2010 resulting in an approximate 30% reduction in the cost of gas generated power (approx \$3m saving pa) for the site although this saving has been more than offset this quarter by the additional diesel generated power costs.

### Production

Gold sold was 14,900 ounces at A\$1,196 per ounce for a revenue of \$17.8 million. A total of 5,700 ounces were delivered into forward contracts during the quarter and 9,157 ounces was sold on the spot market where the average price during the quarter was A\$1,223 per ounce.

Cash operating costs have remained at around \$7 million per month, and although attention has and will continue to focus on increasing production, a comprehensive review of costs has been initiated. Because of the high fixed component of Wiluna's costs, cash operating cost per ounce statistics are more influenced by actual gold production.

**GRAPH 5**


## Exploration

The ongoing exploration program continues to focus on near term opportunities such as extensions of mineralisation at Golden Age which has now been identified over more than 200m of vertical extent with the most recent extensional drill hole intersecting approximately 2m (True Width) of strongly sheared quartz reef (with some assay results pending). Figure 1 shows the distribution of the recent drill intersections and Table 4 below outlines the significant results received during the quarter.

The results from the second phase of drilling at Golden Age has returned further encouraging results and development options are being evaluated with a view to extending the current Golden Age mining area (see Figure 1 below).

The positive results achieved from Golden Age has meant that the focus on the feasibility study for the Wilsons deposit, although encouraging and continuing, will likely see initial ore delivery deferred beyond the June 2010 target given last quarter.

Infill surface drilling into Calvert has been completed with results including 7m (approximately 2.8 metres True Width) @ 10.27g/t au from 345.05m in AWD0395 confirming the presence of a high grade core to the mineralisation. Further drilling from underground is planned once development has advanced to allow a suitable drilling position to be established.

Drilling in the Burgundy area during the quarter indentified a previously unrecognised high grade core to the known areas of mineralisation. This was announced on 17<sup>th</sup> March. Since then, development has advanced in order to access this material and bring it into production quickly. At the end of the quarter two levels had been accessed and the first stoping is expected in May 2010.

### **Corporate**

Significant investment in both capital and operating development was made in the quarter resulting in a large reduction in our cash position during the quarter. However, the benefit of this investment is now being seen through both increased production and gold pours.

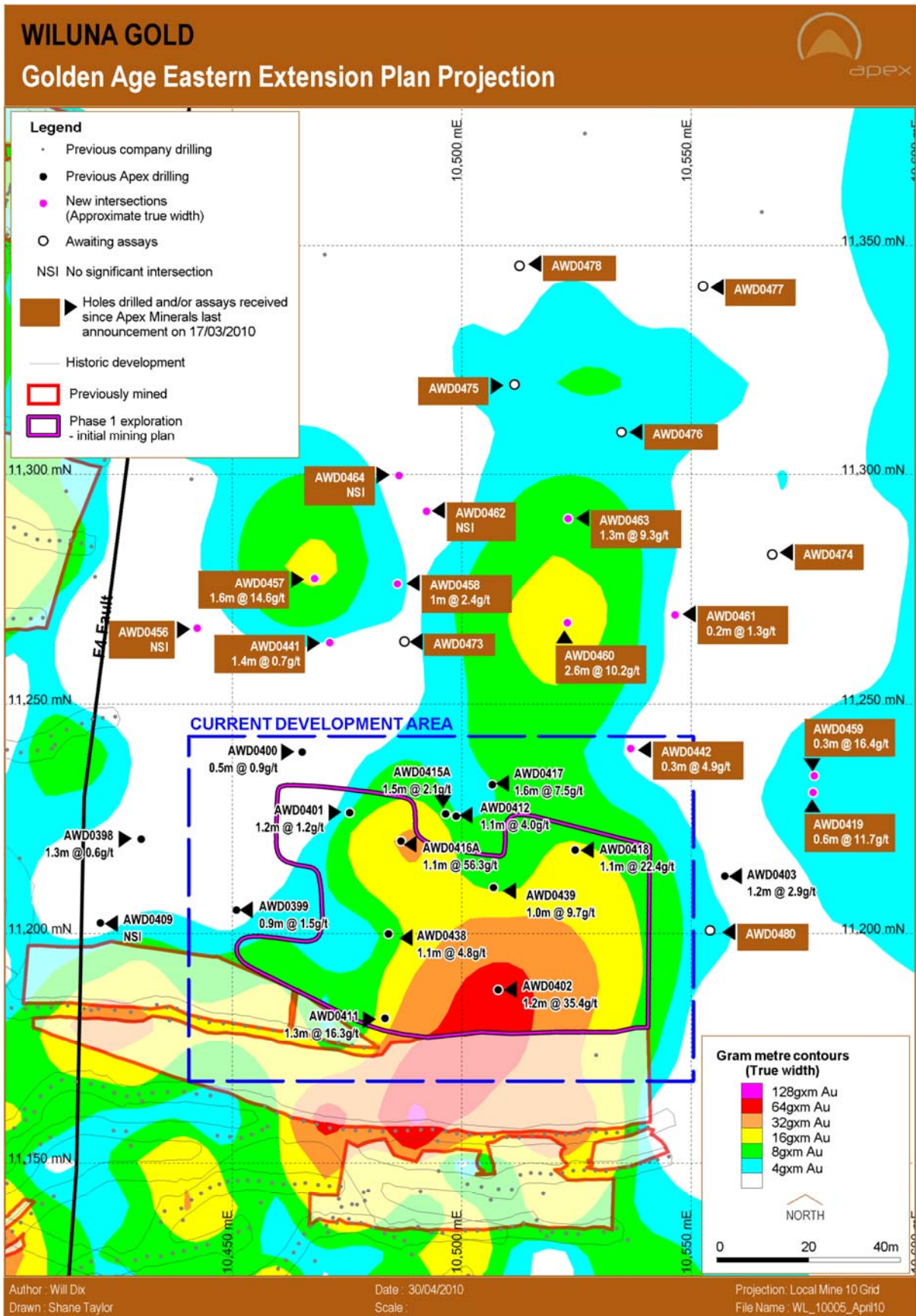
As announced on 9<sup>th</sup> April, the Company is considering a range of options in respect to its Youanmi Project. Following significant interest both domestically and internationally, the Company is currently in discussions with a number of groups regarding possible divestment options.

Further information will be released to the public once a decision on the future of the project has been determined.

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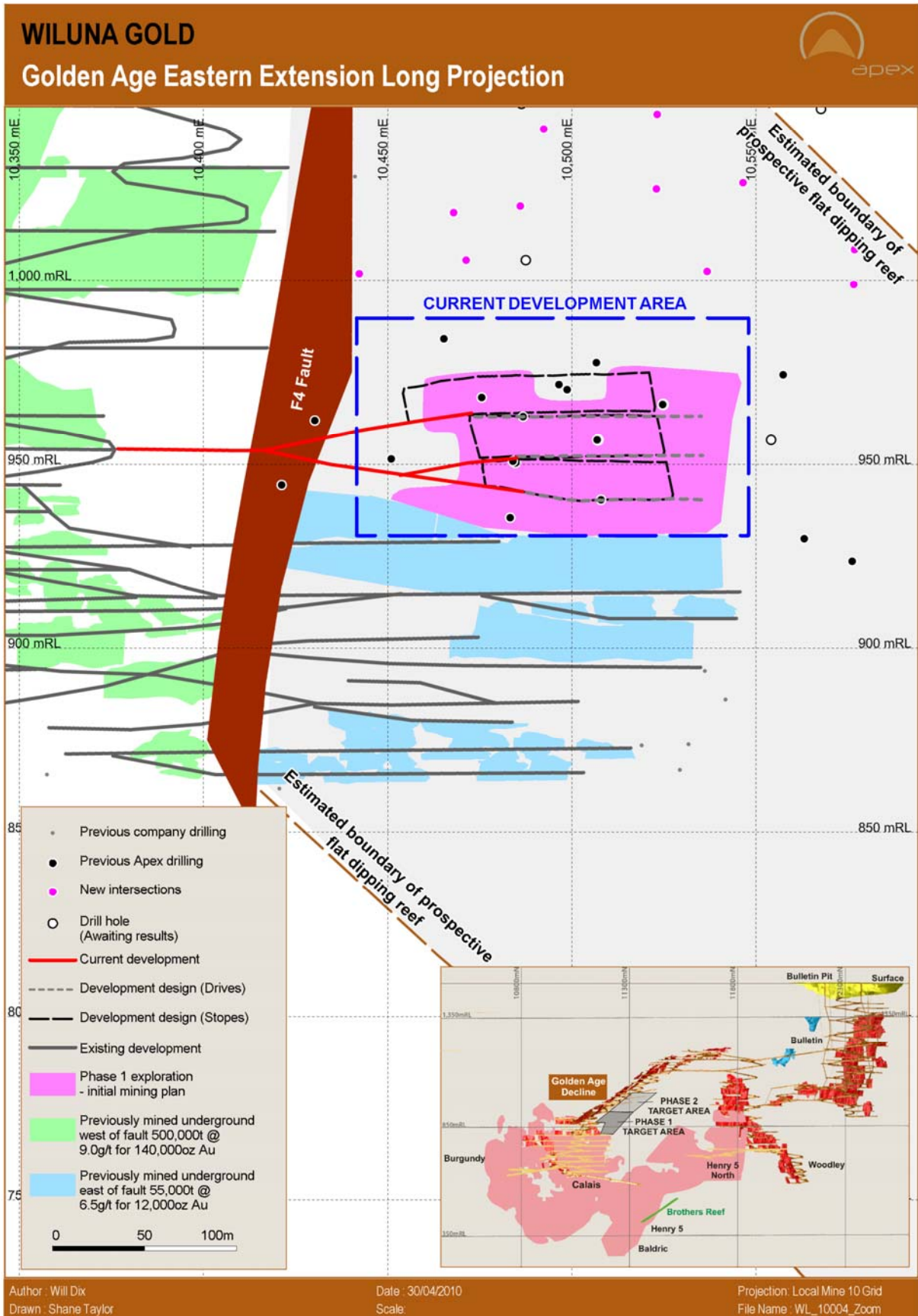


Figure 1 – Golden Age Drilling



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Figure 2 - Golden Age showing current and future development (Phase 1)



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**Table 5 – Significant exploration results for the quarter**

HoleID	From (m)	To (m)	DH* (m)	TW* (m)	g/t	grams x metres	Prospect / Resource Area
AWD0390#	143.0	150.3	7.3	4.4	32.53	143.13	Burgundy
AWD0402#	191.5	198.4	6.9	2.2	39.48	88.44	Golden Age Reef
AWD0391#	140.9	149.0	8.2	6.3	13.80	86.94	Burgundy
AWD0347#	151.65	161.6	10.0	5.1	11.76	59.98	Burgundy
AWD0416A#	147.2	154	6.8	1.0	51.41	51.41	Golden Age Reef
AWD0394	106.6	109.7	3.1	2.2	13.78	30.32	Burgundy
AWD0395	345.05	352	7.0	2.8	10.27	28.76	Calvert
AWD0411#	183.6	190.75	7.2	1.5	16.30	24.45	Golden Age Reef
AWD0457	89.62	94.8	5.18	1.6	14.60	23.36	Golden Age Reef
AWD0418	173.9	181.3	7.4	1.4	13.61	19.05	Golden Age Reef

*\*KEY: DW = Downhole width in metres, TW = estimated true width in metres  
# denotes previously announced*

Yours Sincerely,



**Mark Ashley**  
**Managing Director**

### Competent persons statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. Andrew Thompson who is employed by the company under a consulting agreement. Mr. Thompson is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Thompson consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Reverse circulation (RC) drill samples are obtained by collecting meter samples via a three stage riffle or cone splitter, and diamond drill hole results are obtained from half NQ core or quarter HQ core sampled to geological boundaries where appropriate.

Samples are assayed at Genalysis' laboratory. Samples are prepared using single stage pulverization of the entire sample. Gold assays are obtained using a 50g lead collection fire assay digest and atomic absorption spectrometry (AAS) analysis techniques. Multi-element analyses (arsenic, sulphur, iron, lead, zinc, bismuth, antimony and tellurium) are obtained using a four acid total digest and inductively coupled plasma optical emission spectrometry (ICP OES) analysis techniques. Full analytical quality assurance - quality control (QAQC) is achieved using a suite of certified standards, laboratory standards, field duplicates, laboratory duplicates, repeats, blanks and grind size analysis.

The spatial location of samples from surface holes is derived using a combination of surveyed grid co-ordinates and 3D differential GPS collar survey pickups, and Reflex single shot and gyroscopic downhole surveys. The spatial location of samples from underground holes is derived using surveyed rig setups and Reflex multi-shot downhole surveys. True widths are calculated using the mean dip and strike of the mineralization from 3D wireframe models and downhole surveys.

Drillhole intersections from Wiluna are calculated using grade gold cutoffs deemed appropriate for each situation.

Where quoted, Mineral Resource and Ore Reserve tonnes and ounces are rounded to appropriate levels of precision, causing minor computational errors.

Mineral Resources are classified on the basis of drillhole spacing, geological continuity and predictability, geostatistical analysis of grade variability, sampling, analytical, spatial and density QAQC criteria and demonstrated amenability of mineralization style to proposed processing methods. Ore Reserve estimate has been compiled in accordance with the guidelines defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ~ The JORC Code ~ 2004 Edition" (2004 JORC Code).

The cost information contained in this report is unaudited and is potentially subject to audit adjustments from the financial year end audit process.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**APEX MINERALS NL**

ABN

22 098 612 974

Quarter ended ("current quarter")

31<sup>st</sup> March 2010

### Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	\$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	17,047	64,164
1.2	Payments for (a) exploration and evaluation	(1,646)	(4,730)
	(b) development	-	-
	(c) production	(17,791)	(69,445)
	(d) administration	(1,305)	(4,838)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	80	308
1.5	Interest and other costs of finance paid	(557)	(2,163)
1.6	Income taxes paid	-	-
1.7	Other	-	-
	<b>Net Operating Cash Flows</b>	<b>(4,172)</b>	<b>(16,704)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(11,061)	(30,615)
1.9	Proceeds from sale of: (a) prospects	-	4,500
	(b) available for sale investments	-	1,500
	(c) other fixed assets	-	-
	(d) other-hedging instruments	-	3,091
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – costs of sale of prospects	-	(154)
	<b>Net investing cash flows</b>	<b>(11,061)</b>	<b>(21,678)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(15,233)</b>	<b>(38,382)</b>

1.13	Total operating and investing cash flows (brought forward)	(15,233)	(38,382)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	68,790
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	10,000
1.17	Repayment of borrowings	-	(32,157)
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	-	(8,140)
	Other – finance lease liability	(1,693)	(4,997)
	Other–net payments for cash backed guarantees	-	(4,201)
	<b>Net financing cash flows</b>	(1,693)	29,295
	<b>Net increase (decrease) in cash held</b>	(16,926)	(9,087)
1.20	Cash at beginning of quarter/year to date	18,159	10,320
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	1,233 *	1,233

\* This excludes cash of \$5,974,000 that is held in guarantees and environmental bonds.

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	170
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	

All payments to directors and associates are on normal commercial terms.

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	-
<b>Total</b>	<b>1,000</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,233	18,159
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,233</b>	<b>18,159</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E57/578	relinquished	100	0
6.2 Interests in mining tenements acquired or increased	Nil			

**Issued and quoted securities at end of current quarter**

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference *securities</b>				
7.2	Changes during quarter				
7.3	<b>+Ordinary securities</b>	3,317,819,909 19,125,000	3,317,819,909	N/A 20 cents	N/A 0.001 cents
7.4	Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs				
7.5	<b>Warrants</b>	121	-	\$0.01	\$0.01
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

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7.7	Options	Number of Options	Exercise Price	Expiry Date
		<b>Quoted</b>		
		678,643,029	\$0.06	11-Nov-12
		<b>Unquoted</b>		
		1,500,000	\$0.20	3-Jul-11
		7,200,000	\$0.14	20-Jul-11
		250,000	\$0.30	17-Aug-11
		250,000	\$0.35	14-Sep-11
		500,000	\$0.35	1-Nov-11
		1,000,000	\$0.35	1-Nov-11
		275,000	\$0.45	30-Nov-11
		300,000	\$0.45	30-Nov-11
		2,825,000	\$0.65	1-Jun-12
		2,600,000	\$0.65	1-Jun-12
		1,425,000	\$1.00	30-Jul-12
		175,000	\$1.30	15-Oct-12
		200,000	\$1.30	30-Oct-12
		200,000	\$1.30	11-Nov-12
		50,000	\$1.60	10-Jan-13
		78,500,000	\$0.45	9-Apr-13
		1,511,000	\$1.30	11-May-13
		550,000	\$1.30	19-Jun-13
		1,000,000	\$0.70	18-Jul-13
		50,000	\$0.50	1-Oct-13
		750,000	\$0.70	1-Dec-13
		2,500,000	\$0.30	29-Jan-12
		2,360,000	\$0.45	9-Feb-14
		3,445,000	\$0.30	21-Jun-14
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired/cancelled during quarter	Number of Options	Exercise Price	Expiry Date
		100,000	\$1.00	30-Jul-12
		25,000	\$1.30	15-Oct-12
		45,000	\$1.30	11-May-13
7.11	<b>Debentures</b> <i>(totals only)</i>			
7.12	<b>Unsecured notes</b> <i>(totals only)</i>			

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  .....

Date: 30<sup>th</sup> April, 2010

(Director/Company secretary)

Print name: Mark Ashley

### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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